

United States v. Rigas, Docket No. 02 CR 1236(LBS) (Adelphia Communications Corporation)

April 25, 2005

Stock and Bondholder Victim Compensation Information

On July 8, 2004, John Rigas (Adelphia's former CEO), and Tim Rigas (Adelphia's former CFO) were convicted in federal court of conspiracy, securities fraud, and bank fraud in relation to accounting fraud and other schemes which defrauded investors who owned securities issued by Adelphia. They are presently scheduled to be sentenced on June 1, 2005, at 10:00 a.m. in the United States Courthouse, 500 Pearl Street, Courtroom 15A, New York, New York. In addition to the criminal charges against John and Tim Rigas, in December 2004, the Government moved in court to obtain a forfeiture judgment against John and Tim Rigas.

On April 21, 2005, David N. Kelley, United States Attorney for the Southern District of New York, announced that the Government had entered into two separate agreements which, if approved by the United States District Court in the criminal case, and the United States Bankruptcy Court in the bankruptcy case Adelphia filed in June 2002, will provide approximately \$715 million in restitution to stock and bond holders of Adelphia Communications Corporation who were victims of the fraudulent schemes for which John and Tim Rigas were convicted.

The first agreement, between the Government, John Rigas, Tim Rigas, and other members of the Rigas Family (the "Rigas Forfeiture Agreement"), will settle the Government's pending forfeiture claims. Although the criminal convictions gave rise to forfeiture claims only against John and Tim Rigas, the Government has negotiated a settlement with all members of the Rigas Family which will maximize the value of assets obtained for victims. Pursuant to the terms of the Rigas Forfeiture Agreement, John Rigas, Tim Rigas, Michael Rigas, James Rigas, and Ellen Rigas have agreed to forfeit to the Government approximately 95

% of all assets owned by the Rigas Family. The majority of those assets, in terms of value, consist of Cable TV systems which have been privately owned by the Rigas Family but which have been operated by Adelphia. This agreement is subject to approval by the United States District Court in the criminal matter, *United States v. John Rigas, et al.*, 02 Cr. 1236 (LBS). Additional information about the terms of this agreement will be posted on this website in and when the agreement is approved by the Court.

The Second agreement is between the Government and Adelphia and its subsidiaries (“the Adelphia Non-Prosecution Agreement”). Under the terms of the Adelphia-Non-Prosecution Agreement, the Government will return to Adelphia certain of the property which will be forfeited by the Rigas Family, including all of the Rigas Family’s Adelphia Securities and the forfeited Cable TV systems. As demonstrated at the trial of John and Tim Rigas, these assets were proceeds of the frauds upon Adelphia and should now be returned to Adelphia. Adelphia, in turn, has agreed to pay \$715 million (in cash and stock) into a victim compensation fund which will be jointly administered by the U.S. Attorney’s Office and the Securities and Exchange Commission. Under the Non-Prosecution Agreement, in consideration of Adelphia's contribution to a victim compensation fund and its continued co-operation with the Government in the investigation of wrongdoing at Adelphia, Adelphia will not be prosecuted for the crimes committed by Adelphia through its agents. This agreement is subject to the approval of the United States Bankruptcy Court in the matter in re: Adelphia Communications Corp. Additional information about the terms of this agreement will be posted on this website in and when the agreement is approved by the Court.

Upon court approval of the agreements announced today, the United States Attorney for the Southern District of New York and the Securities and Exchange Commission will establish an **Adelphia Victim Compensation Fund (“the Fund”)**. The Fund will be funded by proceeds from the sale of assets forfeited to the Government by the

Rigas Family (other than those which will be returned to Adelphia), and by the \$715 million payment from Adelphia.

Important details concerning the operation of the Fund, including the establishing of a claims process and a distribution process, will be determined after court approval of the relevant settlement agreements. Please check this web site regularly over the next few weeks for updates on information relating to operation of the Fund. Please note that distributions from the Fund will not likely be made until after Adelphia's plan of reorganization in bankruptcy is confirmed, which may be at least twelve months from now.

Following is additional information about the expected operation of the Fund.

What do I need to do now to make a claim?

Nothing. We will post information here about how to make a claim for your losses after the fund has been established. Check back here periodically for updated information.

Who Is Eligible?

Eligibility will be determined by the Fund administrator, but compensation will only be available to persons or entities who lost money on Adelphia securities purchased before March 2002. The fund will not be designed to compensate investors for market losses, as opposed to losses suffered as a result of the fraud.

How do I make a claim?

Claims processing information will be posted on this site shortly. Bookmark this page and check back frequently for up-to-date information.

How much compensation will I receive from the fund?

The Fund Administrator will determine, once claims have been made,

how much of the Fund's assets will be distributed to individual victims. It is expected that the Fund will have at least \$715 million in assets to distribute and that those funds will be distributed to victims based on each individual's pro rata losses.

Must I give up civil claims in order to receive compensation from the Fund?

In order to claim against the Fund, victims must agree not to seek further compensation from Adelfphia or members of the Rigas Family, other than John J. Rigas and Timothy J. Rigas. More information regarding the claims procedure will be available shortly at this site.